

Message Text

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ACTION ARA-10

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C O N F I D E N T I A L MONTEVIDEO 1674

E.O. 11652: GDS

TAGS: PINT, PINS, UY

SUBJ: PRESIDENT FACES POTENTIALLY DANGEROUS SQUABBLES WITHIN
MILITARY ESTABLISHMENT

1. SUMMARY; THERE ARE NUMEROUS INDICATIONS THAT PRESIDENT BORDABERRY, WHO RETURNED FROM A STATE VISIT TO PARAGUAY ON MAY 16, WAS FACED ALMOST IMMEDIATELY WITH ONE, AND PERHAPS TWO, POTENTIALLY SERIOUS PROBLEMS FOR HIS ADMINISTRATION. ONE INVOLVES GEN. GREGORIO ALVAREZ, FOURTH DIVISION COMMANDER, AND THE OTHER A CONFRONTATION BETWEEN SOME KEY MILITARY AND FINANCE MINISTER VEGH VILLEGAS, POSSIBLY INVOLVING ALVAREZ AS WELL.

2. AS PREVIOUSLY REPORTED, FOURTH DIVISION COMMANDER ALVAREZ HAD BEEN APPROACHED AT THE BEGINNING OF THE YEAR BY SOME LEADING BLANCO PARTY POLITICIANS WHO OFFERED TO SUPPORT ALVAREZ FOR THE PRESIDENCY, AN OFFER APPARENTLY ACCEPTED BY ALVAREZ. WORD OF THIS WAS QUICKLY PICKED UP BY FIRST DIVISION COMMANDER GENERAL ESTEBAN CRISTI. THERE FOLLOWED QUICKLY AN ATTACK ON ALVAREZ WHO RETALIATED IN KIND. AS A RESULT, TWO TRIBUNALES DE HONOR WERE CONVENED. WHILE CT ELEMENTS HAVE GOTTEN CONFLICTING REPORTS ON THE OUTCOME OF THE TRIBUNALES, IT SEEMS THAT ALVAREZ LOST AND THAT HE WAS SCHEDULED SOME WEEKS AGO TO DEPART FOR AN AMBASSADORIAL ASSIGNMENT. FOR REASONS NOT KNOWN TO US, ALVAREZ SUBSEQUENTLY DECIDED NOT TO LEAVE HIS PRESENT POST.

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3. ON MAY 9-10 ALVAREZ SPONSORED A NATIONALLY PUBLICIZED "1ST

CONGRESS OF MUNICIPALITIES AND PRODUCTIVE FORCES OF THIS REGION (THE AREA OF THE FOURTH DIVISION) OF THE COUNTRY." AMONG THE MORE PROMINENT FIGURES IN ATTENDANCE WAS BANK OF THE REPUBLIC (BOR) PRESIDENT GENERAL RAIMUNDEZ, AN ALVAREZ ADHERENT. ALSO PRESENT WAS THE INTERIM PRESIDENT OF THE NATIONAL MEAT INSTITUTE AND A NUMBER OF OTHER SECOND LEVEL NATIONAL OFFICIALS. THE "CONGRESS" DEALT BASICALLY WITH ONE SUBJECT, THE INCORPORATION OF THE CONCEPT OF SECURITY IN THAT OF ECONOMIC-SOCIAL DEVELOPMENT. IN THE INAUGURAL STATEMENT ALVAREZ SAID, "SECURITY, BY ITSELF, WOULD BE NOTHING BUT THE IMMOBILITY OF MISERY." HE AND OTHER SPEAKERS PLAYED UP THE THEME OF COMMUNIQUE 4 AND 7 OF FEBRUARY 1973 AND THE NEED FOR THE ARMED FORCES TO BRING ABOUT A JUST, INTEGRATED DEVELOPMENT PROGRAM TO LIFT THE PEOPLE OUT OF ECONOMIC STAGNATION AND IMPOVERISHMENT. WHILE SOME TOOK THE CONGRESS AS ALVAREZ' SWAN SONG, WE BELIEVE IT MORE LIKELY REPRESENTED AN ATTEMPT BY ALVAREZ TO ENLIST THE SUPPORT

OF DISCONTENTED JUNIOR AND MISSILE-GRADE OFFICERS AND, PERHAPS, THAT OF THE PUBLIC.

4. PRESIDENT BORDABERRY RETURNED TO URUGUAY ON THE EVENING OF MAY 16. ON MAY 18, IT WAS ANNOUNCED THAT THE INTERIM PRESIDENT OF THE NATIONAL INSTITUTE HAD BEEN FIRED, A MOST UNUSUAL MOVE ON A SUNDAY. ALSO, THERE NOW ARE RUMORS THAT GENERAL RAIMUNDEZ MAY BE GIVEN A FOREIGN ASSIGNMENT. ALTHOUGH THERE IS LITTLE CONCRETE BEYOND THE ABOVE TO GO ON, WE HAVE AN UNEASY FEELING THAT ALVAREZ MAY BE TESTING HIS STRENGTH OR EVEN MAY HAVE DECIDED THAT THE TIME HAS COME TO FORCE THE ISSUE AS TO HOW ECONOMIC AND SOCIAL PROGRESS IS TO BE PURSUED UNDER THIS MILITARY-INFLUENCED ADMINISTRATION.

5. IN WHAT MAY OR MAY NOT BE A RELATED INCIDENT, RAMON DIAZ, A LEADING ECONOMIST AND FORMER SUB-SECRETARY OF INDUSTRY AND COMMERCE, WAS ARRESTED BY THE COMMISSION FOR THE REPRESSION OF ILLEGAL ECONOMIC ACTIVITIES (CRIE), A MILITARY GROUP, ON MAY 12. FINANCE MINISTER VEGH, WITH WHOM DIAZ SERVES AS A CONSULTANT, IMMEDIATELY PROTESTED TO BORDABERRY WHO ORDERED DIAZ' RELEASE AND TOLD VEGH NOT TO MOVE ON THE MATTER BEFORE HIS (BORDABERRY'S) RETURN FROM PARAGUAY. DESPITE THE PRESIDENTIAL ORDERS, DIAZ WAS NOT RELEASED UNTIL MAY 15 AND VEGH PROCEEDED TO MEET WITH THE MILITARY CHIEFS ON MAY 13 FOR WHAT HAS BEEN DESCRIBED AS AN ACrimonious MEETING. WE HAVE BEEN TOLD THAT VEGH'S RESIGNATION HAS BEEN PRESENTED AND REMAINS OPEN FOR ACCEPTANCE. WE ARE VERIFYING PRESENT STATUS.

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6. DIAZ HAD BEEN ARRESTED FOR AN ARTICLE IN AN ECONOMIC JOURNAL CALLED BUSQUEDA WHICH HE EDITS AND TO WHICH VEGH HAS CONTRIBUTED. DIAZ' WIFE TOLD AN EMBOFF THAT NEITHER GENERAL CRISTI NOR GENERAL ZUBIA (ALSO A DIVISION COMMANDER) HAD BEEN ABLE TO LEARN WHERE DIAZ WAS HELD AND THE DELAY IN HIS RELEASE OWED TO THAT. SHE WAS CONVINCED THAT ALVAREZ WAS BEHIND THE ARREST PROBABLY BECAUSE ALVAREZ, ACTING THROUGH BOR PRESIDENT RAIMUNDEZ, HAD LONG OPPOSED VEGH'S ECONOMIC PLAN. DIAZ, AFTER HIS

RELEASE, TOLD AMERICANS THAT HE WAS QUESTIONED BUT NOT MISTREATED, AND THAT HIS ARREST RESULTED FROM A BUSQUEDA ARTICLE IN WHICH HE HAD CRITICIZED THE GOVERNMENT'S (READ CRIE) APPROACH TO DEALING WITH ECONOMIC CRIMES.

7. THE PRESIDENT IS STILL THE MOST POWERFUL FIGURE IN THE GOVERNMENT. HOW LONG HE (OR VEGH FOR THAT MATTER) WILL BE PUT UP WITH A DISSIDENT GENERAL OR WITH INCIDENTS SUCH AS THE DIAZ DETENTION IS STILL AN UNKNOWN. ALSO YET TO BE ANSWERED ARE HOW BORDABERRY WILL REACT, HOW DEEP THE APPARENT SPLIT IN THE ARMY IS AND HOW MUCH SUPPORT ALVAREZ CAN MUSTER IF HE IS MOVING TOWARDS A CONFRONTATION. ARMY UNITY WAS LONG A CARDINAL PRINCIPLE AMONG THE OFFICER CORPS AND ANY DEVIATION COULD HAVE PROFOUND EFFECTS ON THE PRESIDENT'S POSITION, DEPENDING, OF COURSE, ON THE OUTCOME. GENERAL ALVAREZ IS HIGHLY INTELLIGENT AND AMBITIOUS BUT HE MAY HAVE VIOLATED ANOTHER ARMY PRINCIPLE, RATHER WELL ENFORCED BY SOME GENERALS, PARTICULARLY THE GENERALS ZUBIA (BOTH DIVISION COMMANDERS), THAT NO ONE OF THE GENERALS BECOME EITHER THE NATION'S MAN ON THE WHITE HORSE OR PRIMUS INTER PARES. WHETHER ALVAREZ IS JUST TESTING HIS STRENGTH OR MAKING A SERIOUS POWER PLAY IS NOT YET CLEAR. HOWEVER, SOME SORT OF CONFRONTATION CONTINUES, AND IT SHOWS SIGNS OF GOING BEYOND THE PURELY INTRA-MILITARY DISPUTE OF THE TRIBUNAL DE HONOR PHASE TO WHERE IT COULD DIRECTLY AFFECT THE ADMINISTRATION.

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